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FOURTH ANNUAL REPORT

for the year ended June 30th, 1970



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for the year ended June 30th, 1970



Board of Directors

C. D. Stewart — Edmonton, Alberta
J. F. Sullivan — Edmonton, Alberta
R. I. Smith — Vancouver, B.C.

Officers

C. D. Stewart — President
J. F. Sullivan — Vice-President
R. I. Smith, B.Comm., C.A. — Secretary-Treasurer

Transfer Agents and Registrar

Guaranty Trust Company of Canada,
624 Howe Street,
Vancouver 1, B.C.
Guaranty Trust Company of Canada,
311 - 8th Avenue S.W.,
Calgary, Alberta.
Guaranty Trust Company of Canada,
10010 Jasper Avenue,
Edmonton 15, Alberta.
Guaranty Trust Company of Canada,
88 University Avenue,
Toronto 1, Ontario.

Auditors

Gardner, McDonald & Co.,
Chartered Accountants,
1164 Melville Street,
Vancouver 5, B.C.

Solicitors

Milner, Steer & Co.,
10040 - 104th Street,
Edmonton, Alberta.
Goldman, Kemp, Craig & Werner,
Barristers & Solicitors,
#901 - 736 Granville Street,
Vancouver, B.C.

Consulting Engineers

Chapman, Wood & Griswold Ltd.,
145 East 15th Street,
North Vancouver, B.C.

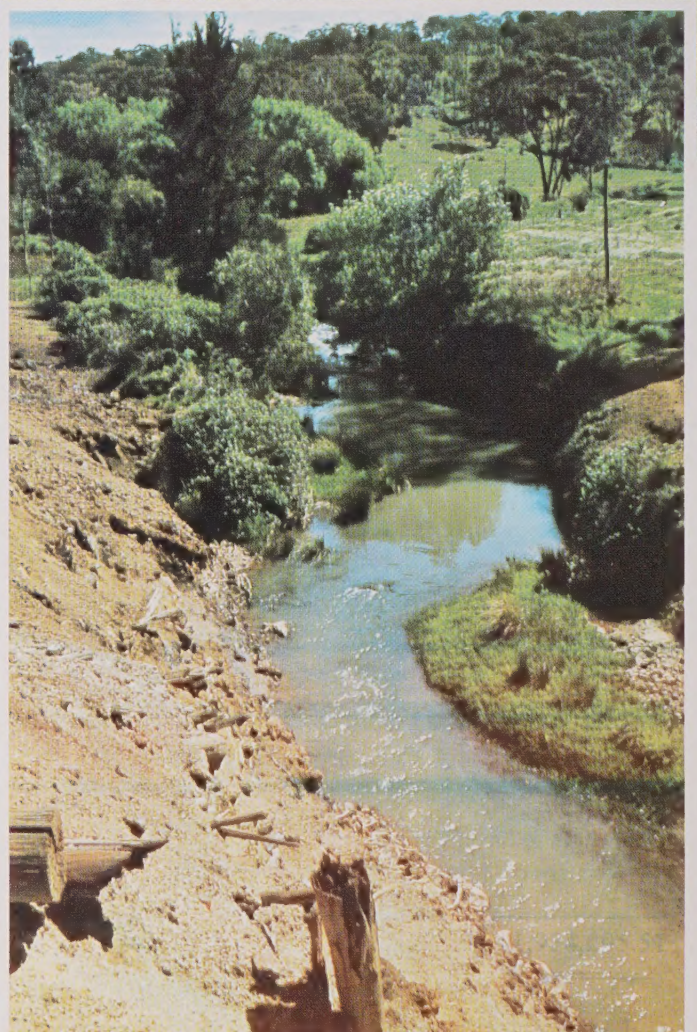
Head Office

570 One Thornton Court,
Edmonton 15, Alberta.



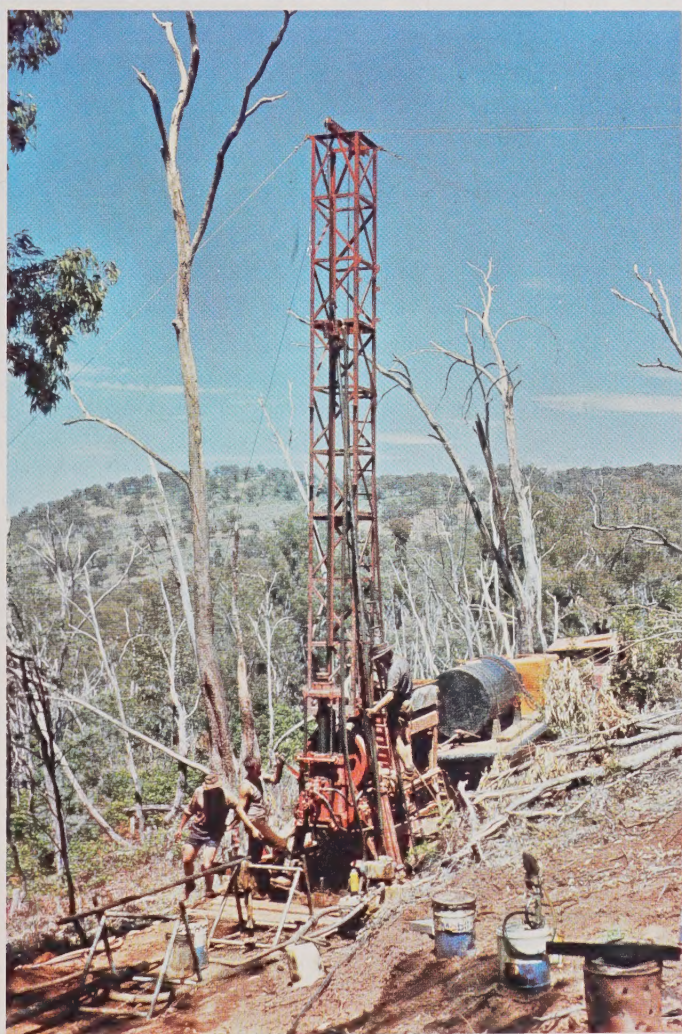
BIG CADIA FROM SOUTH EAST

*CREEK RUNNING
THROUGH PROPERTY
WITH YEAR AROUND FLOW*





DRILL CORE FROM P.C. 40



ONE OF THE DRILL RIGS ON BIG CADIA



PRESIDENT'S REPORT

Your Directors are pleased to submit the Fourth Annual Report on the Company, together with Consolidated Financial Statements for the year ended June 30th, 1970.

Since the last Annual Report to the Shareholders, there has been substantial progress made on our open pit copper-gold-silver property at Cadia.

As a prerequisite to the design and installation of a production plant, the Company's consultants, Messrs. Chapman, Wood and Griswold Ltd. of Vancouver, British Columbia, have recommended the erection of an "on-site" pilot plant. The purpose of this unit is to enable comprehensive studies to be made of design features for incorporation in the production plant. The Directors have also been advised that the pilot plant will continue to be of use and benefit even after the production plant has been commissioned, as a test facility to be used in determining the optimum blending of ore for processing.

Final designs for flow sheets of the pilot plant have been received and construction of the unit to be operated under the direction of the consultants and the Company's technical staff has commenced.

The presently continuing programme of widely spaced diamond drilling at the Cadia property has proved the existence of additional and encouraging copper mineralization. This drilling, with holes at 200 foot and 400 foot centres has indicated further geological reserves of five million tons of material grading 0.53 per cent copper, in addition to the previously announced mineable reserves of 16,686,000 tons, grading .808% copper and .020 oz. gold and .161 oz. silver per short ton.

It is emphasized that this programme is essentially designed to outline potential and also to supply geological and structural data. Accordingly, while the above situation is considered to appreciably upgrade the overall worth of the property, the full commercial significance of the increases cannot be finally assessed until further drilling has been completed and comprehensive studies in respect of stripping ratios, metallurgy and associated financial factors have been carried out.

A monzonite prophyry environment exists immediately to the south of the proposed Big Cadia pit. This area is geologically favourable for containing a bulk type, porphyry, copper deposit. An induced polarization survey and supplementary geological investigations are currently in progress. If results of this work are positive, diamond drilling of this area will commence immediately to determine the economics of a larger pit and relocation of the tentative mill site, tailings pond and waste dumps.

Active field exploration is presently being carried out within the Company's 200 square mile exploration licence surrounding the Cadia properties. This work, being performed under the direction of the Company's qualified staff, commenced with a thorough research of all available background data of the area. Programmes of detailed soil geochemistry and stream sediment sampling are now progressing. Additionally, an airborne magnetic and gamma ray spectrometer survey was flown over the licence area and the interpretation of data so obtained is anticipated shortly.

Other Properties

Culpac Pty. Ltd. is an Australian private company 50% owned by Pacific Copper Explorations Ltd. After assessing various areas of geological interest in Western Australia, the Directors of Culpac announced the acquisition of interests in additional prospects in that State which will supplement the existing holding of 15 claims (4,500 acres) situated at Mount Clifford, Western Australia. These newly acquired areas are comprised of 41 claims (12,300 acres) situated near Milli Milli in the Pilbara region of Western Australia, eight claims (2,400 acres) located at Marble Bar in the Nullagine District of Western Australia and 12 claims (3,600 acres) at Lake Carey near Laverton, Western Australia. An initial rotary percussion drilling programme of 2000 feet has commenced on the Mount Clifford claims.

A diamond drilling contract has been awarded on the Tasmanian Tin property. Initially the programme will test the extension of the mineralization to depth under existing surface workings.

Exploration of the Company's other areas in New South Wales will continue as personnel are available.

On behalf of the Board of Directors, I am pleased to extend our sincere appreciation to all those who have assisted the Company during the past year.

Respectfully submitted on behalf of the Board.

C. D. STEWART
President.

Dated November 6, 1970.

Pacific Copper Min

CONSOLIDATED BALANCE SHEET

(With Comparative Figures)

ASSETS

	1970	1969
Current Assets		
Cash and Term Deposits	397,572.41	468,719.33
Accounts Receivable	18,135.64	7,459.75
Notes Receivable — Directors (Note 6)	12,500.00	—
Refundable Deposits and Advances	8,002.80	10,696.40
Prepaid Expenses	—	682.13
	<u>436,210.85</u>	<u>487,557.61</u>
Investments		
Shares, at cost (Market Value:		
June 30, 1970 — \$84,000.00		
June 30, 1969 — \$90,500.00)	134,361.21	80,000.00
Mining Rights—Australia (Note 2)	<u>748,052.25</u>	<u>748,052.25</u>
Mining Leases — Australia, at cost	<u>29,430.26</u>	<u>—</u>
Mining Properties—Canada, at cost	<u>—</u>	<u>3,616.77</u>
Deferred Development and Other Expenditures		
—Australia, at cost (Exhibit "B")	1,154,638.38	512,389.54
Mine Plant, Equipment and Buildings, at cost	<u>56,045.97</u>	<u>11,663.81</u>
Office Equipment, at cost	<u>5,590.08</u>	<u>1,752.57</u>
	61,636.05	13,416.38
DEDUCT: Accumulated Depreciation	5,564.62	1,488.44
	<u>56,071.43</u>	<u>11,927.94</u>
Organization Expenses, at cost	<u>9,838.58</u>	<u>10,378.74</u>
Share Issue Expenses, at cost	<u>86,479.37</u>	<u>80,372.66</u>
Approved on Behalf of the Board:		
C. STEWART, Director		
R. I. SMITH, Director		
	<u>\$2,655,082.33</u>	<u>\$1,934,295.51</u>

es as at June 30, 1969)

	1970	1969
Current Liabilities		
Accounts Payable and Accrued Liabilities	58,661.47	85,617.70
Minority Interest in Pacific Copper Explorations Ltd.	891,236.81	635,250.00
Shareholders' Equity		
Share Capital		
Authorized:		
3,000,000 Shares Without nominal or Par Value to be issued for a Maximum Consideration of \$2,000,000.00		
Issued and Fully Paid:		
For Cash to June 30, 1969		
995,004 Shares (1968—900,004 Shares)	241,754.00	199,754.00
For Cash During the Year		
150,000 Shares (1969—95,000 Shares)	342,500.00	42,000.00
For Non-Cash Consideration		
970,000 Shares of which 425,000 shares are held in escrow (Note 6)	217,500.00	205,000.00
	801,754.00	446,754.00
Surplus Arising from Revaluation of Mining Rights—Australia (Note 2)	673,052.25	673,052.25
Contributed Surplus—Premium on Shares—Australia	261,590.69	—
(Deficit) Surplus (Exhibit “C”)	(31,212.89)	93,621.56
	1,705,184.05	1,213,427.81
The attached notes form an integral part of these financial statements		
	\$2,655,082.33	\$1,934,295.51

AUDITORS' REPORT

to the shareholders

We have examined the Consolidated Balance Sheet of Pacific Copper Mines Ltd. and Subsidiary Company as at June 30, 1970 and the Consolidated Statements of Deferred Development and Other Expenses, Exploration, General and Administrative Expenses and Deficit and Source and Application of Funds for the year then ended. Our examination of the Parent Company included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who examined the Financial Statements of the Subsidiary Company.

In our opinion these Consolidated Financial Statements, when read in conjunction with the notes appended thereto, present fairly the financial position of the Companies as at June 30, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

VANCOUVER, B.C.
August 26, 1970.

GARDNER, McDONALD & CO.
CHARTERED ACCOUNTANTS

Pacific Copper Mines Ltd. AND SUBSIDIARY COMPANY

**NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS**
as at June 30, 1970

1. Pacific Copper Mines Ltd. owns 3,000,000 common shares of Pacific Copper Explorations Ltd. out of a total of 5,287,000 shares issued.
2. Pursuant to a Director's valuation dated September 24, 1968, the accounts of Pacific Copper Explorations Ltd. show a recorded value for mining rights over cost of \$673,052.25. This increment is shown on the Consolidated Balance Sheet as "Surplus Arising from Revaluation of Mining Rights — Australia".
3. Pacific Copper Explorations Ltd. has a contingent liability to repay to the New South Wales Department of Mines, the amount of prospecting aid received from that Department by it or its joint venturers should a commercial mine be established upon the areas the subject of subsidized prospecting activities. These amounts total \$65,101.62.
4. Renumeration to Officers and Directors for the year ended June 30, 1970 amounted to \$36,102.50.
5. The Consolidated Financial Statements include the accounts of the Australian subsidiary, Pacific Copper Explorations Ltd. Australian currency has been converted to Canadian dollars as follows:
 - (a) Current Assets and Current Liabilities — \$1.00 Australian = \$1.17 Canadian. being the prevailing rate at June 30, 1970.
 - (b) All Other Assets, Depreciation Charges — at exchange rates prevailing at date of acquisition.
 - (c) Revenue and Expenditures — at average rates prevailing during the year.Certain re-classifications of accounts were necessary for comparative purposes.
6. During the year an additional \$12,500.00 consideration was received for escrowed shares issued in a previous period.

Exhibit "B"

Pacific Copper Mines Ltd. AND SUBSIDIARY COMPANY**CONSOLIDATED STATEMENT OF DEFERRED DEVELOPMENT AND OTHER
EXPENDITURES INCURRED IN AUSTRALIA FOR THE YEAR ENDED JUNE 30, 1970**

(With Comparative Figures for the Year Ended June 30, 1969)

	1970	1969
Exploration Expenses		
Assaying and Sampling	50,211.96	49,276.02
Compensation Payments	124.80	140.36
Depreciation—Plant and Equipment	3,849.60	746.56
Diamond Drilling—net	217,404.88	166,038.28
Employee Accommodations	4,756.42	—
Engineering and Survey	192,048.66	62,127.29
Equipment Rental	6,106.66	2,814.46
Equipment Repair and Maintenance	218.78	—
Insurance	1,714.10	236.75
License Fees and Permits	2,690.16	2,710.07
Motor Vehicle Expense	3,438.80	609.43
Option Payments	3,480.00	14,546.89
Provisions and Supplies	1,147.07	698.44
Shaft Sinking	75,965.42	5,115.72
Telephone and Telegraph	4,464.86	2,340.05
Travel Expenses	8,325.99	10,086.99
Wages and Salaries	35,246.24	18,376.06
	611,194.40	335,863.37
General and Administrative Expenses		
Agents' Fees and Expenses	5,992.01	4,186.18
Audit Fees	1,740.00	1,203.95
Directors' Fees	6,000.00	6,050.00
General Expenses	1,566.78	724.68
Legal Fees	3,136.32	6,975.73
Office Supplies	6,830.98	2,805.33
Office Rent	1,334.40	1,283.21
Share Registry Fees	11,088.32	10,350.95
	37,688.81	33,580.03
	648,883.21	369,443.40
Deduct: Interest Earned	6,634.37	9,684.24
	642,248.84	359,759.16
Deferred Development and Other Expenditures for the Year	642,248.84	359,759.16
Balance—Opening	512,389.54	152,630.38
	\$1,154,638.38	\$ 512,389.54
Deferred Development and Other Expenditures (Exhibit "A")		

Exhibit "C"

Pacific Copper Mines Ltd. AND SUBSIDIARY COMPANY
**CONSOLIDATED STATEMENT OF EXPLORATION, GENERAL AND
ADMINISTRATIVE EXPENSES INCURRED IN CANADA AND DEFICIT FOR THE
YEAR ENDED JUNE 30, 1970**

(With Comparative Figures for the Year Ended June 30, 1969)

	1970	1969
Exploration Expenses		
Claims Abandoned	3,616.77	1,645.00
Engineering and Survey	1,170.40	1,100.00
	<u>4,787.17</u>	<u>2,745.00</u>
General and Administrative Expenses		
Advertising and Shareholders Information	7,859.42	3,486.51
Audit Fees	1,926.64	3,372.37
Bank Charges and Interest	516.66	729.43
Business Taxes and Licences	102.60	79.80
Depreciation	194.50	142.58
Directors' Fees	4,500.00	4,500.00
Employee Welfare	89.10	16.20
Engineering—Consulting Fees and Supplies	944.50	6,933.67
Legal Fees	2,315.78	441.40
Management Salaries	28,602.50	14,870.00
Office Expenses	8,173.20	6,464.46
Office Rent	1,578.50	1,588.29
Stock Issue and Transfer Expense	2,957.23	2,236.96
Telephone and Telegraph	14,682.22	6,665.13
Travel	35,006.88	24,749.25
	<u>109,449.73</u>	<u>76,276.32</u>
Exploration, General and Administrative Expenses		
for the Year	114,236.90	79,021.32
Deduct: Interest Income	6,434.47	1,643.12
	<u>107,802.43</u>	<u>77,378.20</u>
Net Expense for the year	107,802.43	77,378.20
Add: Loss on Currency Conversion	17,032.02	—
Deduct: Gain on disposal of Option	—	225,521.97
	<u>(124,834.45)</u>	<u>148,143.77</u>
Surplus (Deficit)—Opening	93,621.56	(54,522.21)
(Deficit) Surplus—Closing (Exhibit "A")	<u><u>\$(31,212.89)</u></u>	<u><u>\$ 93,621.56</u></u>

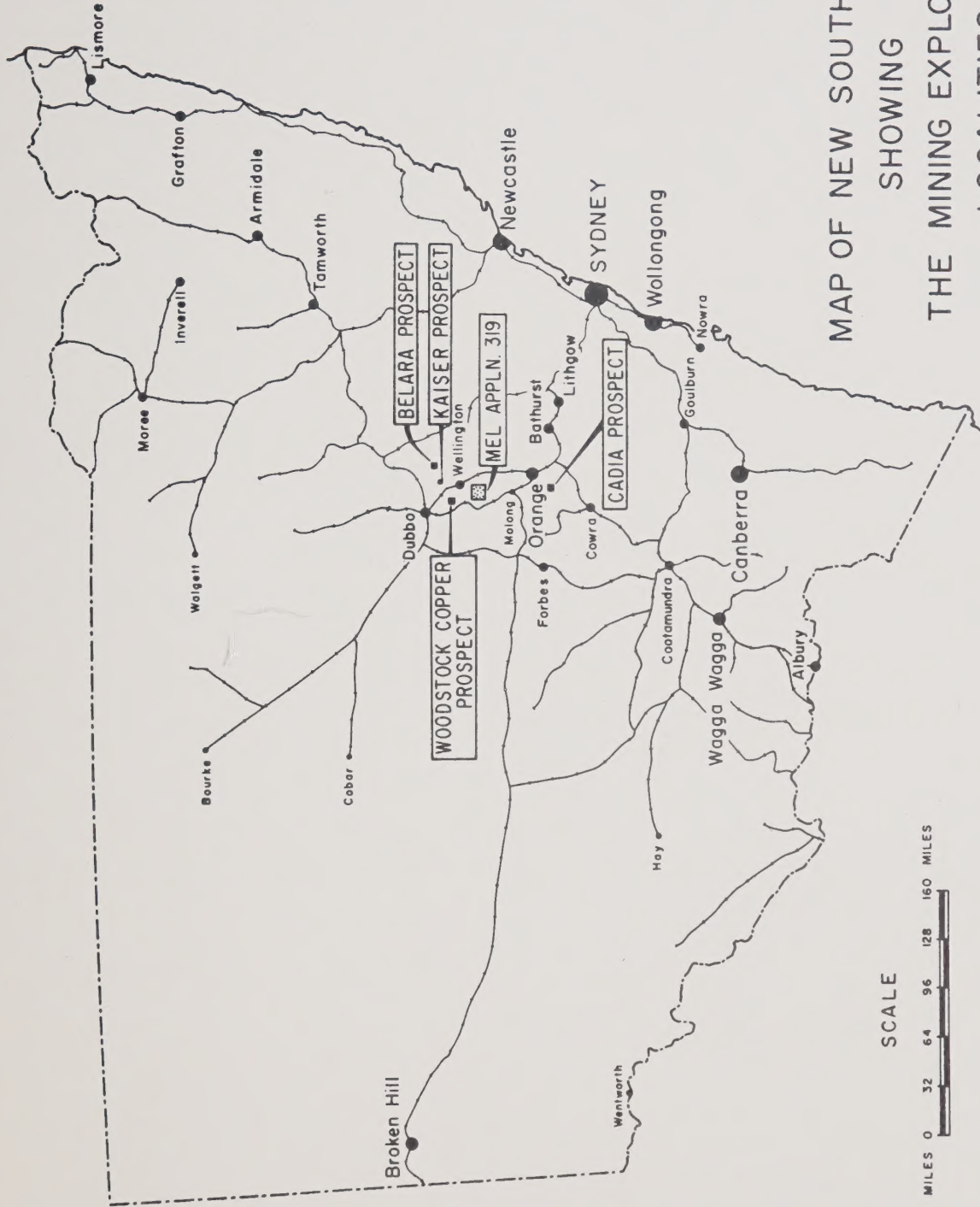
Pacific Copper Mines Ltd. AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED JUNE 30, 1970

(With Comparative Figures for the Year Ended June 30, 1969)

	1970	1969
Funds Were Provided From		
Sale of Common Shares—Canada	342,500.00	42,000.00
Additional Consideration for Escrowed Shares (Note 6)	12,500.00	—
Minority Interest in Net Assets of Subsidiary Company	255,986.81	635,250.00
Sale of Investments	—	17,245.16
Issue of Shares for Mining Rights	—	12,500.00
Proceeds from Disposal of Option	—	223,426.81
Contributed Surplus Arising from Premium on Shares Issued—Australia	261,590.69	—
	<u>872,577.50</u>	<u>930,421.97</u>
Funds Were Applied To		
Deferred Development and Other Expenditures—Australia— (Exhibit "B") (Less: Non-Cash Expenses—Depreciation June 30, 1970—\$3,849.60 June 30, 1969—\$ 746.56)	638,399.24	359,012.60
Purchase of Plant, Buildings and Equipment—net	48,187.59	10,927.38
Organization Expenses	(540.16)	7,940.67
Exploration, General and Administrative Expenses (Exhibit "C") (Less: Non- Cash Expenses—Depreciation: June 30, 1970—\$194.50 June 30, 1969—\$142.58 and Cost of Abandoned Claims Written Off: June 30, 1970—\$ 3,616.77 June 30, 1969—\$1,645.00	103,991.16	75,590.62
Investment in Listed Shares	54,361.21	5,000.00
Payment for Mining Rights	—	(110.89)
Share Issue Expenses	6,106.71	50,372.56
Mining Leases	29,430.26	—
Loss on Currency Conversion	17,032.02	—
	<u>896,968.03</u>	<u>508,733.04</u>
(Decrease) Increase in Working Capital During the Year	<u><u>\$ (24,390.53)</u></u>	<u><u>\$ 421,688.93</u></u>

MAP OF NEW SOUTH WALES SHOWING THE MINING EXPLORATION LOCALITIES



One of the most important features of any mining operation is ... ready access to transportation plus power and water. Pacific Copper's Cadia Property is fortunate to have a paved road and rail facilities within a few minutes of the property. Close to the town of Orange and a source of manpower, the Cadia property is not far from the city of Sydney and one of the world's finest seaports, thus providing Pacific Copper with transportation facilities to meet any demand while power and water are already on the property.

